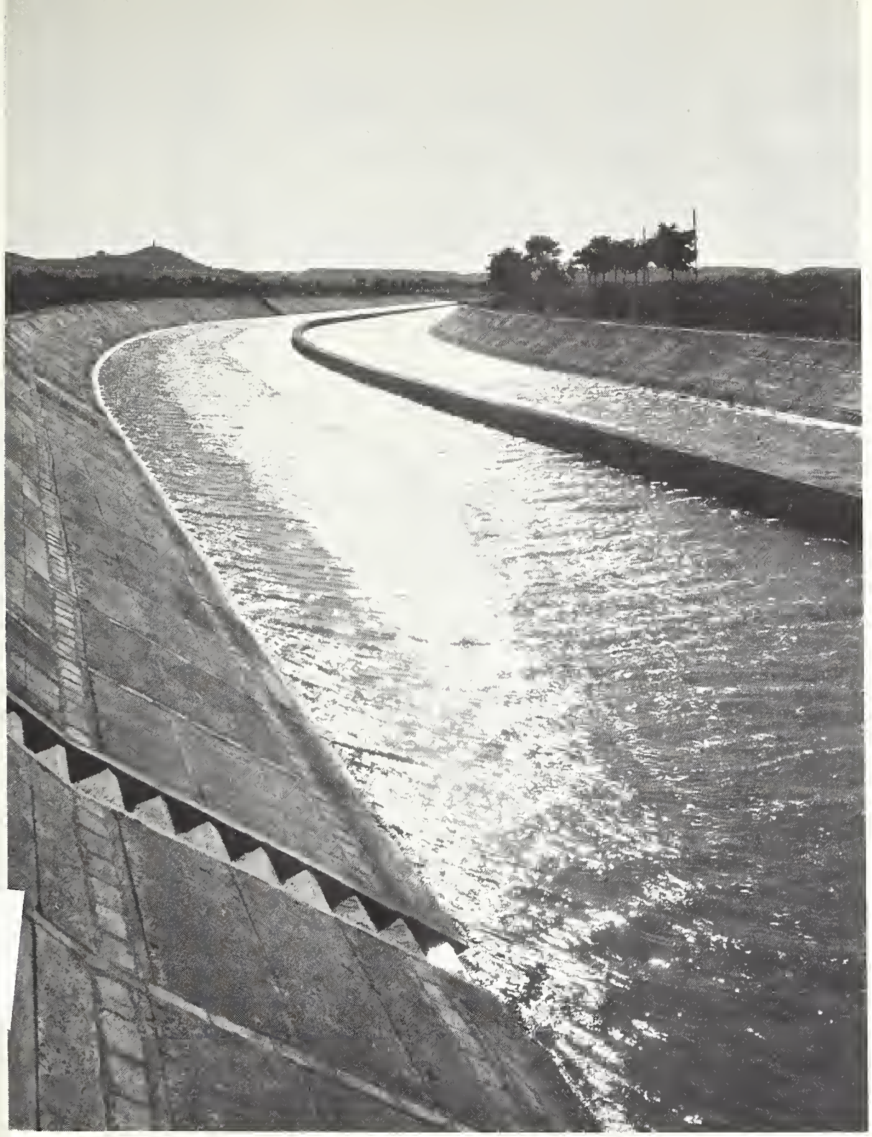
JULY 3, 1967



SPAIN MAY ADJUST POLICY TO SHIFTING FOOD DEMAND

MEXICO'S GRAIN PROBLEM

U.S. SUPERMARKET EXHIBIT AT BANGKOK TRADE CENTER

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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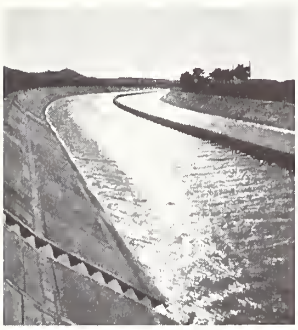

Irrigation canal in northern Spain. Irrigation is one of the focal points in the new agricultural policy now being shaped by the Government of Spain. See article on page 3.

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Spain May Adjust Farm Policy to Shifting Food Demand

Part of Spain's next development plan may be a revision in farm policy to favor the output of livestock products over food grains.

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By DALE K. VINING
Assistant U.S. Agricultural Attaché, Madrid

Spain's Second Development Plan (1968-71)—if it follows the directives laid down earlier this year—will highlight agricultural development and will call for drastic changes in Spanish agricultural policy.

As set forth in a pamphlet entitled "Directives of the Development Policy for the Period 1968-71," the proposed farm policy changes accurately reflect the government's concern over two basic problems plaguing Spanish agriculture. One is a new problem—that of reorienting agricultural production away from wheat and rice and toward livestock and livestock feed, to match a rapidly changing demand pattern fostered by rising personal incomes. The other is the age-old problem of low agricultural productivity. This is worsening, and it could become critical as the changes in dietary habit put added strains on Spain's agriculture.

Agricultural imports soar

An indicator of agriculture's difficulties is the fact that Spain has become an increasing net agricultural importer. Not because its agricultural exports have shrunk—on the contrary, preliminary data show that in 1966 they set a new record of $560 million equivalent, up 20 percent from 1965. Rather, the deficit is tied to the fantastic growth of agricultural imports, which also set a record in 1966—$720 million equivalent, for an increase of more than 16 percent. Spain is now the seventh best commercial customer for U.S. farm products, buying large quantities of feedgrains, oilseeds, and vegetable oils for dollars.

Since 1960, Spain has emerged as one of the fastest developing countries in the world. From 1961 through 1966, its Gross Domestic Product rose at an average rate of 8 percent a year (in real terms) for a total of nearly 50 percent in the 6-year period. The Gross National Product in 1966 has been estimated at $23.8 billion. But this rapid economic growth has brought problems—in particular, a remarkable expansion in per capita income that has pushed demand for food, and especially for quality food, far above what Spain's own farms could produce.

Principal pressures on demand

Population increases have undoubtedly exerted some influence on demand, but because of a low birthrate—0.88 percent increase per year—the impact has been minimal. Present population is a little less than 32 million.

Farm migration to the city has also contributed to the extraordinary pressure on Spain's food supplies. Farmers who previously produced their own food have now become dependent entirely on the output of the farmers who remain in the countryside. Probably around 600,000 persons migrated to the cities between 1963 and 1966. Farm population, in fact, has declined by about 3.8 percent from 1965 on, compared with the 1.5-percent decline programed under the first 4-year development plan.

Tourists have, of course, made a mark on Spain's food supplies during their stay. Tourism brought 7.4 million people to Spain in 1962 and over 17 million in 1966, and a further increase is expected.

In sum, however, these three sources of increased food demand—population gains, farm migration to the cities, and tourism—would not be responsible for the rise in agricultural imports. There is little doubt that the prepon-

Farmers enjoy demonstration of mechanical milker.

derant influence has been the rapidly expanding real income of the Spanish consumer.

In 1966, per capita income—estimated at about $665, dollar equivalent at current values—was nearly half again as high as in 1964 at the beginning of the First Plan, and over 2⅓ times as high as in 1958. This "income explosion" has resulted in the Spanish consumer's eating not only more but better food. Consumption of meats, poultry, milk, butter, cheese, eggs, sugar, and fruits and vegetables has greatly increased, and imports have had to fill the gap.

In 1966, Spain imported over $200 million worth of feedgrains to meet the needs of its rapidly expanding livestock and poultry industry. Poultry production, estimated at 213,000 metric tons that year, was nearly double the output of 1962. Spain also imported nearly $85 million worth of meat and meat products and $97 million worth of oilseeds to crush into meal for animal feeds and edible oils for human consumption.

New agricultural direction—more meat, less wheat?

As consumption of higher priced foods has expanded, per capita consumption of wheat, rice, potatoes, and pulses has tended to level off. But Spanish agricultural production patterns have not changed materially in response to this rapidly shifting consumption pattern. Harvests of rice and wheat continue to climb. Given continued good weather and a big crop to add to the exceptionally heavy carryover of 1966-crop wheat—about 2 million tons—Spain's total wheat supply this coming fall could be the largest on record.

In recognition of this shortcoming in agricultural planning, the agricultural directives approved early this year by the Spanish Cabinet for the Second Development Plan spelled out the need to reorient production in line with the accelerated demand for quality foods, particularly livestock products.

If Plan II in its final form follows the directives, the next 4 years will witness special attention on behalf of livestock, fruits and vegetables, and oilseeds—the three agricultural commodity groups considered most promising. The aim is to attain equilibrium between supply and demand for each.

Pasture and forage land would be expanded within the framework of an integrated livestock program; feedgrains would be cultivated on part of the present wheat area; and the existing Pasture and Stubble Field Utilization Law would be amended to promote livestock production.

The stimuli to livestock expansion would be centered around the "concerted action" program. This program is designed to assist the farmer in attaining production goals not otherwise attainable within his own resources. Methods include governmental action to expand credit at cheaper rates, make seed and fertilizer available at reasonable costs, reduce taxes, and extend other forms of production and marketing aid. The present "concerted action" for beef (which the new Plan will probably amplify) has already helped initiate increases in beef and dairy production. Benefits were granted to some 1,411 livestock farms and 28 slaughterhouses; and meat production in 1966 rose by 17.3 percent, totaling 896,128 metric tons, despite the decreased incentives resulting from price fluctuations and heavy imports.

Many of the directives are pointed toward achieving greater productivity per man and per acre. Spain has little new land that can be put under the plow; and most of its agricultural area suffers from extremely dry climate and defective farm structure. Since the changes in dietary habit can be expected to accelerate with improving income, only improved productivity can help production keep up with demand.

New agricultural price policy?

Mentioned only briefly in the directives but sure to receive fuller attention in the final Plan is the setting up of a long-term agricultural price policy involving both adequate support prices and consumer protection. This would include a timetable under which the system would be brought progressively closer to that of "geographical areas" with which there are possibilities of integration or economic cooperation. The reference undoubtedly concerns the European Economic Community, which has had Spain's application before it for 5 years. Now under study for the EEC Council of Ministers is the question of a preferential agreement with Spain that would include both industrial and agricultural products and would serve as a first step for later consideration of an association agreement. The report is due for presentation to the Council later this year.

With or without a closer approach to the EEC, however, Spain will undoubtedly give careful thought to framing an agricultural price policy that will help provide incentives both for the desired shift in production and for greater productivity throughout Spanish agriculture.

Irrigation a high-priority concern

The role of irrigation in Spanish agriculture is of the highest importance. Water is a precious resource not to be wasted; for, except for the Northern and Pyrenees mountain ranges, average rainfall is only 18 inches a year. Only about 10 percent of Spain's tillable land is currently under irrigation; but, according to the *World Bank/FAO Report on Spanish Agriculture,* 40 percent of the Gross Agricultural Product in 1964 came from irrigated land. And an estimated 80 percent of public expenditures in agriculture went for irrigation.

Irrigation policy is highlighted in the directives, with a distinctly new emphasis on shorter term investments yielding a faster profit. Under past policy, cost has not been an important consideration in undertaking new projects. But if Plan II conforms to the directives, each new project will be preceded by a thorough economic study of the area, with special attention to potential markets and profits; and projects now underway will be reviewed, so that completion can be speeded for those promising a higher socio-economic profit than could be obtained otherwise, and so that parts of an irrigation project that do not show prospects of being profitable can be abandoned.

Farm size and tenancy to receive attention

A serious roadblock on the way towards increasing productivity is the small size and fragmentation of many farm plots. Land consolidation under the present 4-year plan has progressed satisfactorily; it is estimated that since 1954 about 1.5 million hectares (about 3.7 million acres) have been consolidated. But the directives provide a nudge toward greater land consolidation, including an increase in the minimum size limit now in force and the avoidance of further splitting of minimum-size plots. Purchases of

Left, plowing at the foot of Granada Province's mighty mountains; above, olives being cleaned before crushing.

land for redistribution by the government will be increased and more small plots consolidated. In this effort, priority will be given to depressed farm areas with natural advantages for expansion, in accordance with the regional development policy.

In line with the emphasis on productivity, the better use of inadequately managed farmland will be stimulated by the application and modification of existing laws on improvable estates; by higher taxes on idle farmland; and by the leasing—and, in suitable cases, expropriation—of such farms.

The tangled problem of land tenancy and ownership will also receive special treatment. Present legislation on leases will be improved, to—

- Guarantee the lessee fair compensation for improvements, and, in general, more freedom to use the land under lease.
- Establish long-term contracting, with possible revision of rents at the request of either party.
- Insure the recovery of the land by the lessor on the termination of the contract.
- Facilitate the access of lessees to official credit and the participation of leased farms in communal farm operations.

Other directives also point toward greater productivity. Farmers' associations are to be assisted, with special support for cooperatives and syndical groups. To this end, existing legislation on cooperation will be amended into a single legal text incorporating different regulations for the various types of cooperative and a special structure for credit cooperatives.

Companies (with either domestic or foreign capital) will be encouraged to form, with a view to improving agricultural areas, rationalizing the production of farm commodities, and assisting in their processing and marketing.

High priority will be given to work on plant pest control and selected seeds, as well as to the proper use of fertilizers and machinery. Agricultural training, research, and extension work will be intensified and coordinated.

Foreign trade policy

For foreign trade, the directives set the basic principle of consolidating the broadening of the Spanish economy and intensifying economic relations with other countries and international groups. To carry out this policy, conditions must be created that will permit a rapid and steady expansion in exports, continuity in the liberalization of imports, and the progressive reduction of tariff duties.

The standardization of export products will be encouraged. Though Spain currently enforces export grades and standards for many commodities, the urgent need for high quality and uniformity of product is recognized as a must in today's competitive world markets.

Import policy stresses the continued liberalization of imports in order to insure the supply of raw materials and capital goods necessary for the greatest possible efficiency in the country's economic program; contribute to price stability; and stimulate the competitive capacity of domestic production.

Tariff protection is not ruled out, but the foreign trade directive specifically states that its actual cost to the economy will have to be estimated, as well as the compensation offered in return by the protected sector.

Three criteria will be followed in tariff planning. Tariff policies will constitute a balanced whole, based on the added value of the various products. There will be a general downward trend in tariff duties, the stages being announced with adequate notice. And tariff policy will work in conjunction with other measures toward the improvement of the economic sector concerned.

World Bank Lends $10 Million for Malaysian Irrigation Project

The International Bank for Reconstruction and Development (World Bank) has given Malaysia a $10 million loan for the Kemubu irrigation project in the northeast part of the Malay Peninsula. The project will provide water for two rice crops a year on 47,000 acres of the State of Kelantan's coastal plain, where only one crop is now planted. When the project is completed, farmers will be able to produce an additional 51,000 tons of rice and more than double their cash incomes.

Rice is Malaysia's basic food crop, and irrigation is extremely important to its production. Increases in output have barely kept pace with population growth, and imports exceed 300,000 tons annually at a cost of about $43 million.

The new loan is the World Bank's second to Malaysia for rice irrigation. In November 1965, $45 million was lent for the Muda project, which will eventually irrigate nearly 262,000 acres in northwest Malaya and increase rice output by some 425,000 tons annually. Taken together, the Kemubu and Muda projects will enable Malaysia to curtail sharply, if not eliminate, rice imports.

In the Kemubu project area—some 400 miles northeast of Kuala Lumpur, Malaysia's capital—a majority of the 80,000 people either engage in or are dependent upon rice production. Because rainfall fluctuates widely, with the heaviest precipitation during the monsoon period from November to January, production has been limited to one crop annually. The project will bring additional water to rainfed areas and provide a dependable supply for irrigated land, allowing another crop to be planted. According to estimates, rice production in the area will increase from 26,500 tons to 77,500 per year.

Irrigation will also permit development of other cash crops—tobacco, vegetables, fruit—to further raise the income and productivity of the area, now one of the country's poorest.

Chief works to be undertaken in the project include installation of a pumping station on the Kelantan River and construction of canals, an irrigation system, and a drainage system. River channels will be improved to accommodate the drainage water.

To enable farmers to get optimum benefit from the project, the federal government and that of the State of Kelantan will strengthen and expand their agricultural institutions and services. Research and extension projects will be improved, and measures will be taken to provide adequate credit to farmers. Water rates and land taxes will be increased to cover maintenance and operating costs.

The project is scheduled to be completed by 1973. Total cost is estimated at $18.5 million. The Bank loan of $10 million will cover the foreign exchange costs, and remaining costs will be met by the Malaysian Government. Issued for a term of 25 years with a 5-year grace period, the loan will bear interest at the rate of 6 percent annually.

French Cotton Stocks Rise; Imports Likely To Decline

Large imports of raw cotton in the first quarter of this year and a depression in the textile industry have caused French stocks of cotton to rise substantially and point to reduced imports in the months ahead.

During January-March, imports totaled 88,304 metric tons. The United States took over as top supplier, accounting for 15.5 percent. A year earlier, the U.S. share was about 10 percent, and the United States ranked third after Mexico and Turkey.

The larger U.S. sales reflect the more competitive price of U.S. cotton this year. In March 1966, U.S. Strict Middling 1-1/16" cost 12 francs per quintal more than the similar Mexican cotton; last March, it cost 5 francs less than the Mexican variety.

The French cotton textile industry is experiencing a depression because of increased textile imports, declining exports—primarily to African countries—and adjustment to the Common Market. Restructuring and modernization are needed, but the industry is reluctant to make any changes until it is satisfied that the government will protect its domestic market from outside competition. In the long run, however, the number of mills is expected to decline rather sharply, with only the largest, most efficient remaining in business.

Nepal Expands Agricultural Trade, Especially With India

Nepal's imports and exports have both been rising in recent years, and exports are expected to make bigger gains as the country's marketing facilities are improved.

Foreign exchange earnings by the Gurkha soldiers, employed by the Indian and British armies, and favorable border trade with India permit imports to oustrip exports without draining the economy. In the fiscal year ending last March 31, imports were valued at about $12 million and exports at $8 million. Nearly all food exports go to India; some jute and oilseeds are shipped to Europe.

Imports of rice from Mainland China, processed foods and leaf tobacco from India, and dairy products from Oceania reached a peak in fiscal 1967. Purchases of Chinese rice totaled 20,000 tons valued at $2.5 million. Since 1964, imports of Indian biscuits and leaf tobacco have doubled, and last year they were valued at $500,000 each. Nepal's new cigarette factory should create an even bigger market for Indian leaf. Biscuit imports should also rise since stores are expanding sales and schools are using more in lunch programs. About 1,000 to 1,500 tons of butter valued at over $1 million move in annually from Australia and New Zealand. In recent years, imports of American canned and specialty foods for tourist hotels have increased.

Nepal's most important export is rice. High prices brought the value of commercial rice exports to over $3.5 million in both 1965 and 1966. Since 1964, shipments to India have totaled about 30,000 tons annually, compared with exports of only 12,900 in 1960.

India takes about 3,000 tons of Nepal's pulses annually for a value of about $500,000. Shipments of oilcake to India first exceeded $1 million in value in 1962 and have remained at high levels ever since. Nepal also earns about $1 million each year from jute sales to India and the European Economic Community. Sugar exports to India currently amount to more than 3,000 tons per year.

Mexico's Grain Problem: A Production Boom That Won't Turn Off

Mexico, with the help of U.S. foundations, won its technological battle on grain production. But, from the Mexican viewpoint, the resultant boom turned out too much grain too fast, as the country some time ago embarked on a program aimed at attaining but holding output to self-sufficiency levels.

This program brought good results for wheat in 1966, with exports all but eliminated. But 1967 is a different story, as bumper crops are in the making for both corn and wheat.

The problem develops

It is an ironic twist of fate that Mexico should suddenly have too much grain. It was only within the past decade that Mexico became largely self-sufficient in grain—once the largest dollar drain on the economy—and only in the last few years that it became a grain exporter. But the sudden spurt in that export trade—to over 500,000 and a million tons a year, respectively, for wheat and corn—suddenly illuminated the disadvantages; high support prices and export subsidies meant government losses, and storage and transportation problems created additional headaches.

Thus, last season Mexico began shifting production patterns and reappraising its price support program, with the goal of getting back to "self-sufficiency only."

In the important commercial producing areas of Sonora, Sinaloa, and Baja California, Mexico reduced its price support on wheat from the 913 pesos (US$73.04) per metric ton of 1965-66 to 800 pesos (US$64); these States normally supply about two-thirds of Mexico's wheat crop. In the remainder of the country, the price support continued at 913 pesos.

For corn, the 1965-66 support price of 940 pesos (US-$72.20) per ton is still in effect. However, this now applies only to nonirrigated corn.

Wheat output falls, then bounces back

Mexico's deliberate attempt to hold back wheat production worked quite well last year. A sharp reduction in acreage led to virtual cessation of exports and liquidation of reserve wheat stocks. Through October of the 1966-67 season (April-March), wheat shipments by Mexico totaled only 18,000 tons, and the bulk of this was seed for India.

This year, however, yields have been unexpectedly high in the important producing areas of the northwest, and output will once again be large, perhaps around 2.1 million metric tons, compared with 1,550,000 in 1966 and 2,088,000 in 1965; average wheat production was 1,580,000 tons during the 5 years ended 1964. Because of this comeback, Mexico will go back into the export market. The quantities exported will depend on the final outturn of the crop and on decisions as to how much the stocks should be rebuilt. (Mexico had virtually no wheat on hand at the beginning of the current season—April 1, 1967).

In contrast to the initial success with wheat, corn production and exports so far have yet to respond to government measures. During 1966, irrigated corn acreage was reduced as a result of the withdrawal of price supports, only to be offset by a significant increase in nonirrigated acreages, where about three-fourths of the crop is grown. And yields in these areas hit record levels as a result of the almost unprecedented favorable weather. This pattern appears to be pretty much repeating itself in 1967.

Corn exports in 1965-66 were virtually the same as in the previous year—1.1 million tons compared with 1.2 million in 1964-65. Sizable quantities have also been exported in 1966-67.

Grain sorghum, of which Mexico is still a deficit producer, has benefited from the drop in wheat area, as well as from an acreage shift away from cotton and other commercial crops. Production of sorghum doubled between 1965 and 1966—from 650,000 tons to about 1.2 million. Prospects for 1967 and for future years indicate further increases. As a side effect of this expansion, imports of grain sorghum from the United States are being reduced.

A unique problem

Mexico's grain problem is indeed a unique one. Efforts aimed at deliberately holding back production, while so many other countries are striving to reach self-sufficiency, are significant. This is the kind of problem that many other countries would like to have. Mexico's problem in this area should, however, be regarded as temporary. Looking down the road, the country will need to carefully develop agricultural grain programs to take care of its own population explosion and at the same time, perhaps, to contribute more to the world battle against hunger.

—John C. Scholl
U.S. Agricultural Attaché, Mexico City

Cotton Production Declines in El Salvador

Since cotton production creates opportunities for intensive use of rural labor, and cotton exports are of such great importance to El Salvador as foreign exchange earners, the El Salvadoran Government has shown much concern about the sharp production decline in recent years. As a corrective measure, the Minister of Agriculture has initiated a program to assist with the purchase and use of good-quality insecticides. It hopes that reduction in cost of insect control will improve producers' net returns and consequently stimulate increased cotton production. Bank loans, based on a 3-year production average, are available to farmers who continue to plant cotton in the coming season.

Production of cotton during 1966-67 is placed at about 175,000 bales (480 lb. net), compared with 235,000 in the previous year and the record crop of 375,000 bales produced in 1964-65. The planted area for this season's crop is approximately half that of 1965-66, but average yield was near the record high.

Cotton consumption in El Salvador continues to rise as a result of increased domestic requirements and a growing demand for El Salvadoran textiles in other Central American markets.

Total exports for 1966-67 are estimated at 125,000 bales, considerably lower than the 261,000 bales averaged during the past 5 years. Japan, which has consistently been the principal market, purchased 90 percent of the 76,000 bales exported during the first 9 months of the current season.

Nationwide Bread Promotion Underway in Philippines

The U.S. wheat industry, which last year captured nearly 90 percent of the Philippine market for imported wheat, aims to boost sales even further with a nationwide campagin urging people to eat more bread. Although Filipinos have eaten some bread since the days of the Spanish galleon trade with Mexico, it is not a daily staple for most of the population. Bread-baking techniques have changed little since the Spanish introduced them hundreds of years ago.

Sponsored by Wheat Associates, USA—an organization of U.S. wheat producers—in cooperation with the Philippine Flour Millers Association, the campaign got underway recently and will extend over a 3-year period. Media and messages are being tailored specifically for three target groups—consumers, bakers, opinion leaders.

A consumer survey by the two organizations in 1965 suggested that consumers would respond favorably to such a promotion, especially if it stressed eating bread at breakfast and merienda. Merienda is a traditional morning and afternoon snack.

Right, this highly detailed miniature oven is being used as a teaching aid at the Bakers Training School. Below, scene from a "casual movie spot" in which the family discusses the value of bread in the daily diet.

Stresses nutrient value

For the first few months, the campaign is emphasizing the vitamin and mineral contents of bread to strengthen its image as a nutritional food in a country where malnutrition is widespread. Dr. Conrado Pascual, research director of the Philippine Food & Nutrition Research Center, points out that four out of five mothers and children are undernourished, largely because people are unschooled in basic nutritution. However, surveys show that parents in the Philippines—where half the population is under 15—are responsive to appeals concerning the health of their children.

Advertising during this initial phase of the campaign relates the nutrient contents of bread to those of more familiar foods. For example, ad copy claims: "One average loaf of bread contains 7.2 milligrams of iron—also found in 3 Lapu-lapus (a popular fish) —for healthier blood, 34.4 grams of protein—also found in 3 glasses of pure cow's milk—for the growth and repair of body tissues, 1.4 milligrams of Vitamin B_1—contained in 3 dozen bananas—for prevention of beriberi, 0.9 milligram of Vitamin B_2—also found in 4 heads of cabbage—for stronger resistance to infection, 3.7 grams of calcium—also found in 7 eggs—for stronger bones and teeth, and many more nutrients."

General slogan for the consumer campaign is "With bread you're better fed." In lower income areas where cost largely determines what people eat, the slogan is changed to "Always eat bread. It's more nutritious. It's more economical." This split-level approach will be maintained throughout the campaign. After a few months' emphasis on bread's food value and economy, its good taste will be added to the advertising message.

Cooperative sandwich promotion

Sandwiches will be brought into the campaign after about 6 months. For greater promotional mileage at lower cost, advertising will feature sandwich ingredients and other foods normally eaten at snacktime so that manufacturers of these products can share in the cost or reciprocate by featuring bread in their advertising.

All major media are being used in the advertising. Among publications, this includes six English-language newspapers, the major English and vernacular magazines, and the chief publications for teachers. Radio advertising over the 47 major stations blankets the entire country, and television commercials reach viewers in the Greater Manila area and the Central Philippines. Theater-goers will see "casual movie spots," commercials woven into the stories of 12 productions so that they appear to be part of the films. These movie spots are expected to reach some 12,500,000

viewers at a cost of less than one-tenth of a U.S. cent per viewer.

The campaign aims to enlist bakers in a "Better Bread" promotion by convincing them that it will mean more business and bigger profits. Initial priority is being given to recruiting and training six teams to help bakers improve baking techniques right in their shops. A Wheat Associates baking technician is training the teams.

Nerve center for baker activities is the Philippine Bakers Institute, whose director is carrying out many of the projects. In addition to supervising the six teams, he develops communication with bakeries and prepares and distributes a monthly "Bakers' Bulletin" on better baking methods. Since 75 percent of the bakers in the Philippines are Chinese, the bulletin is reprinted in the *Fukien Times* of Manila, read by most Chinese in the country.

The institute director is also helping to recruit students and meet other needs of a Bakers Training School set up by the Philippine College of Arts and Trades, Wheat Associates, and the Philippine Flour Millers Association. A support institution for the bread campaign, the school offers both vocational and academic courses. Bread and other products prepared in class are donated to charity.

Appeal to opinion leaders

To round out the campaign, an appeal is being directed to food and business editors, writers, educators, nutritionists, and other opinion leaders who can help generate acceptance of bread as a nutritional, good-tasting food.

The Philippines grows no wheat, so an increase in consumption would mean bigger imports.

Imports last year reach a record 439,796 metric tons, nearly 90 percent from the United States. As little as 3 years ago, a USDA study forecast U.S. wheat exports to the Philippines of 400,000 tons by 1975—a level surpassed 9 years early by last year's sales. This sales triumph is no reason for complacency, however, as competition for the Philippine wheat market is becoming keener.

USDA To Cosponsor Supermarket Exhibit at Bangkok Trade Center

Members of the U.S. processed food trade have been offered an opportunity to explore a promising new market—Thailand—at very little expense to themselves. The occasion is a special promotion of supermarket equipment and foods to be held at the U.S. Trade Center in Bangkok, October 31 through November 9.

Announcement of the Bangkok food promotion opportunity has been sent to all individuals and firms who have asked USDA's Foreign Agricultural Service to notify them of such events. Those who want to participate in this exhibit must return their signed agreements to FAS by July 14.

The supermarket promotion is being sponsored by the U.S. Departments of Agriculture and Commerce. The USDA exhibit—its first at this Far Eastern trade center—will be a representative array of processed foods in a supermarket setting. FAS and Grocery Manufacturers of America, Inc., are cooperating in presenting this display.

The Commerce exhibit will feature supermarket equipment. To round out the show, the Super Market Institute, Inc., will sponsor a seminar on supermarket operation. For the seminar, SMI and GMA will bring a group of U.S. supermarket experts to speak to and consult with the local trade.

All an eligible firm has to do to participate in the food exhibit is to (1) furnish at least one case of each item to be exhibited, delivered to a designated warehouse in San Francisco or furnished from agents' stocks in Thailand, and (2) furnish a price on each item that may be quoted to interested Thai traders.

FAS and GMA will take it from there. They will have products previewed by Thai customs officials to determine their admissibility to commercial trade. They will arrange and pay for further transportation; because of uncertain shipping conditions to the Far East all products will have to leave San Francisco in late July. They will display the products, quote price and sales information to inquirers, and make suitable disposition of the products at the close of the show.

Firms that test the market in this exhibit should be in a better position to take advantage of any later full-scale food exhibits in Thailand. Such a show is being considered for the 1968 FAS overseas trade fair calendar.

According to a recent FAS survey, Thailand shows great promise as a market for U.S. processed foods.

The country's annual economic growth rate in recent years has been the highest in Southeast Asia—from 7 to 8½ percent. The country's big source of prosperity is tourism, plus the presence of American military personnel. It also has growing industries that provide employment and foreign exchange.

Bangkok, Thailand's capital and largest city, is becoming a worldwide convention center and is currently experiencing a boom in hotel construction. In addition to tourists, persons in Bangkok who want and can afford Western-type food include a sizable permanent population of European extraction and a growing number of local people.

Zambia Announces Corn Price

The Minister of Agriculture of Zambia announced in April a confirmation of the guaranteed corn price of \$1.21½ per bushel which was announced last year. Under the corn price formula set in 1965, as stated in the Ministry's *Monthly Economic Bulletin* for April, there is provision for a seasonal adjustment in price depending upon the size of crop.

This year's corn crop was indicated as something over 20 percent above domestic requirements. Under these circumstances, it was stated, the price announced last year ought to be reduced by not more than 9½ cents per bushel. The government has, however, decided against a price reduction in the interests of rural development.

The Minister said further that farmers must, during the coming season, grow more groundnuts and cotton (for home use), as well as tobacco, since the government could not be expected to continue subsidizing corn production.

The Minister further indicated that if, in the coming season, more corn is grown in relation to other crops he would reduce the price in April 1968 by up to 9½ cents per bushel, as provided under the formula.

Pakistani Rice Exports Gain

Pakistan's rice exports in crop year 1966 rose 57 percent above the 1965 level to a record 211,479 tons valued at \$42 million.

Accounting for most of this gain was the USSR, which took 100,663 long tons of superior varieties, mainly Basmati, under a trade agreement, compared with only 5,080 in 1965. Shipments to oil-rich Kuwait also increased, to 35,360 tons from 28,850 in 1965.

World Corn Production Sets Record in 1966

World corn production in 1966 is estimated at a record 225 million metric tons, 9 percent above the 1965 crop and 17 percent above the 1960-64 5-year average. World corn acreage is estimated at 24.7 million acres, 5 percent larger than in 1965.

The sharpest increases in production were in Europe, South America, and Africa, as excellent moisture supplies and good weather prevailed in these areas. Over the longer range, better technology, especially the use of improved seed and more fertilizer, is raising corn yields in countries around the world to expand the total crop.

Detailed tables and analyses appeared in the June issue of *World Agricultural Production and Trade: Statistical Report.*

Pakistan Has Larger Wheat Crop

Pakistan's second wheat estimate places production at 4.2 million metric tons—about 8 percent higher than the 1965-66 harvest of 3.9 million.

Area planted in wheat through the time of the second estimate increased from 12,964,000 acres in 1965-66 to 14,188,000 in the same period of 1966-67. Unfavorable weather during the growing period limited gains in non-irrigated areas, but yields were higher in irrigated regions.

Because of the unusually low wheat harvest in 1965-66 and small imports in 1966, demand for wheat in urban areas of Pakistan continues to exceed supply. Pakistan's imports of wheat in crop year 1967 are expected to top 1.6 million tons, and about half of this quantity will be purchased without foreign economic assistance.

Japanese Rapeseed Output Still Declining

Japanese rapeseed production in 1967 is expected to decline to 95,500 short tons from 104,300 in 1966 and average annual production of 309,700 during the 1955-59 period. This year's decline reflects a continued downtrend in planted area, to only 136,400 acres from 164,300 in 1966 and an average of 559,300 during 1955-59. This year's decline in planted area will be partly offset by an 11-percent increase in yields due to favorable growing conditions.

In the face of a declining production base, Japan has satisfied its growing domestic needs for rapeseed through increased imports. These imports have been in the form of seed as such from Canada. In 1966 Japan emerged as the world's leading rapeseed importer, with a volume of 233,093 short tons compared with 111,661 in 1965 and an annual average of only 16,243 in the 1955-59 period.

Argentine Sunflowerseed Estimate Revised

According to the third official estimate, the Argentine sunflowerseed crop harvested in the April-June period this year is estimated at 1,050,000 metric tons; this is above both the initial estimate of 980,000 (see *Foreign Agriculture* May 1, 1967) and last year's final estimate of 782,000. The indicated increase reflects a 15-percent expansion in plantings from those of a year ago, as well as a significant increase in average yield.

Soybean Crushing Capacity Expanded in Norway

One of the oldest soybean processors in Norway, the Norsk Soyamelfabric A/S, has expanded its plant facilities to handle an additional 50,000 metric tons (1.8 mil. bu.) of soybeans annually. The plant had a capacity of 20,000 to 25,000 tons when established in 1933. Now, recently modernized into a completely new factory, it can process 70,000 tons of soybeans a year. The Norsk Soyamelfabric purchases all its soybeans from the United States.

Norway has three soybean extraction plants in operation. These plants processed 128,000 tons of soybeans in 1966 and are expected to crush an estimated 160,000 in 1967 and 170,000 in 1968.

The increased quantities of soybean oil and meal that will be produced from these larger crushings may create temporary marketing problems. Rising domestic consumption, however, is expected to absorb the extra soybean oil and meal in the near future.

The use of soybean oil by the margarine industry very likely will increase as the new type all-soybean-oil margarine gains wider acceptance. This margarine was brought on the market about 6 months ago. It contains soybean oil exclusively, one-half of which is hardened. All major manufacturers are producing this soft margarine under various brand names. Each brand has the word "soy" or "soybean" printed on the wrapper.

Soft margarine requires special packaging because of its consistency. The industry hopes to receive shortly government approval to use the newly designed soft-margarine package.

The feed concentrates market is expected to absorb the additional soybean meal from the increased processing. Consumption of feed concentrates is expanding, with total sales in 1966 up 6 percent from sales in 1965. Purchases of soybean meal by the Norwegian Grain Corporation—which has a monopoly on grains and feeds in Norway—amounted to 99,000 tons in 1966, as compared with 87,000 in 1965 and 82,000 in 1964.

Fishmeal Exports by FEO

Exports of fishmeal by the member countries of the Fishmeal Exporters' Association (FEO) in January-March 1967 totaled 564,900 metric tons, compared with 569,000 in the same months of 1966. These data exclude exports from Angola which are not available for the current period. Exports by country of source, in 1,000 metric tons (1966 in parentheses), were as follows: Peru 333.2 (400.6), Norway 101.4 (61.2), South Africa 52.3 (22.6), Iceland 47.6 (33.9), and Chile 30.4 (50.7).

Turkey's Olive Oil Exports Increase

Exports of edible olive oil from Turkey during January-March 1967 were 9,357 metric tons, compared with only 28 in the same 3 months a year ago. The marked increase reflects sharply expanded availabilities from the record 1966-67 outturn of 120,000 tons, compared with only 52,000 in 1965-66.

Exports in 1967 could approximate 30,000 tons, compared with 4,172 and 20,428 in 1966 and 1965, respectively. Major markets for these exports have been Italy and France.

Nigerian Palm Purchases Down Sharply

The Regional Marketing Boards of the Federation of Nigeria during January-April 1967 purchased 93,085 long tons of palm kernels for crushing and export—34 percent less than the 140,049 tons of the comparable period in 1966. Purchases of palm oil through April of this year amounted to 29,365 tons, or less than one-half the 69,288 tons purchased in the same period of 1966.

Prices for Nigerian palm kernels, c.i.f. European ports, on June 15 were quoted at the equivalent of $158.20 per long ton, or somewhat above the average monthly prices to date in 1967 but virtually the same as the average monthly price in June a year ago.

Argentine Exports of Oilseed Products Down

Trade sources report that Argentine exports of vegetable oils and oilseed cakes and meals in January-April 1967 declined 41 and 23 percent, respectively, from the same period in 1966. Vegetable oil exports dropped from 148,000 metric tons to 88,000, and oilseed meals, expellers, and pellets decreased from 311,000 tons to 241,000.

The steep decline in exports is attributed to a weakening of international prices in recent months while Argentine support prices remain high. World prices of sunflowerseed, for instance, continue at below-support levels. As a result, nearly 110,000 tons of new-crop sunflowerseed have been purchased by the Argentine Grain Board, as opposed to 1,000 tons at this time last year.

World Cocoa Bean Exports Down in 1966

Preliminary data indicate that world cocoa bean exports in 1966 fell 17 percent from the record 1965 level of 1.3 million metric tons. The reduction is attributed primarily to a smaller 1965-66 world harvest and, in part, to increased local industrialization of the cocoa bean industries in producing countries.

The biggest declines in 1966 exports were recorded by Ghana and Nigeria, whose shipments fell by 21 and 38 percent, respectively. Cameroon exports also were down sharply. Ivory Coast shipments approximated the 1965 level, but Brazilian exports—reflecting larger production—rose by nearly 23 percent.

Portugal's Tobacco Imports Gain Slightly

Portugal's 1966 tobacco imports, at 13.8 million pounds, were about 2 percent larger than the 13.6 million imported in 1965.

The U.S. share of the total in both 1965 and 1966 was 37 percent. Combined imports from the overseas Provinces of Angola and Mozambique were 4.3 million pounds in 1966, a little more than in 1965.

PORTUGAL'S TOBACCO IMPORTS[1]

Origin	1965	1966[2]
	1,000 pounds	*1,000 pounds*
United States	4,966	5,176
Angola	2,887	2,288
Mozambique	1,130	2,025
Greece	1,044	1,172
Rhodesia & Zambia	1,648	1,157
Malawi	([3])	229
Indonesia	372	534
Lebanon	401	346
Mexico	362	331
Others	758	569
Total	13,568	13,827

[1]Continental Portugal only. [2]Preliminary. [3]Included with Rhodesia and Zambia.

Thailand's Tobacco Imports Rise

Thailand's tobacco imports in 1966 totaled 19.5 million pounds—up 57 percent from the 12.4 million in 1965. The United States supplied 19.3 million pounds to the Thai market in 1966, all of which was flue-cured tobacco, except for about 800,000 pounds of burley. In 1965, the Thai market took 12.2 million pounds of U.S. tobacco. Aside from the United States, the only other countries supplying leaf to Thailand in 1966 were Japan, Greece, and Turkey, with a combined total of about 200,000 pounds.

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Spanish Leaf Imports Set Record

Imports of tobacco by the Spanish Tobacco Monopoly (withdrawals from bonded warehouses) reached a new high of 65.4 million pounds in 1966. This compares with the previous record of 65.1 million in 1965.

Imports in both 1965 and 1966 were increased to make up for the shortfall in availabilities from domestic production of tobacco in several recent years. Last year's crop, for example, is placed at only 42 million pounds because of losses to blue mold.

Brazil, the Philippines, and Paraguay, combined, supplied 70 percent of the Monopoly's imports in 1966. Imports from the United States last year were 4.2 million pounds, compared with 4.4 million in 1965. It is likely that imports of U.S. leaf will be stepped up in 1967, because use of U.S. tobacco in 1966 exceeded imports, leaving only a small stock on hand at the year's end.

The Monopoly's factories used a total of 117.3 million pounds of tobacco in 1966, compared with 116.4 million in 1965 and 102.9 million in 1964. Use of U.S. tobacco, at 5.7 million in 1966, was the largest since the late 1950's.

SPANISH TOBACCO MONOPOLY'S IMPORTS

Origin	1964	1965	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Brazil	20,139	26,005	21,325
Philippines	19,310	19,195	17,602
Paraguay	(1)	4,301	7,273
Cuba	4,440	5,736	6,133
Dominican Republic	(1)	4,162	4,650
Colombia	2,015	805	4,041
United States	4,019	4,400	4,213
Others	10,335	458	160
Total	60,258	65,062	65,397

[1]Included in others.
Spanish Tobacco Monopoly.

Prices High at Malawi Tobacco Auctions

Sales of 1967-crop flue-cured tobacco at the Limbe, Malawi, auctions totaled 2,575,000 pounds through June 1, at an average price equivalent to 64.6 U.S. cents per pound. This included some 341,000 pounds grown in northeastern Zambia. The 1967 crop to be sold at Limbe totals some 4.8 million pounds, including about 800,000 of Zambian-grown leaf. For the full 1966 season, sales of flue-cured at Limbe were 3,358,000 pounds at an average of 45 U.S. cents per pound.

South Korea Produces More Cigarettes

South Korea's cigarette output continued its upward trend through 1966. Production last year totaled 27,789 million pieces, compared with 26,471 million in 1965 and 21,846 million in 1964. Output in 1967 is forecast at 30,078 million pieces, or an increase of 8.2 percent over last year.

Filter-tipped cigarettes continued to increase in popularity last year, representing 42.5 percent of total output, compared with 31.3 and 22.1 percent in 1965 and 1964. They are forecast to account for about 43.6 percent of total production this year.

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